

Arizona Department of Real Estate (ADRE)
Real Estate Advisory Board
Minutes
November 15, 2016

The Real Estate Advisory Board met on Tuesday, November 15, 2016 at the Arizona Department of Real Estate (ADRE), 2910 N 44th Street, Commissioner's Conference Room, Phoenix, Arizona.

I. Call to Order

Chair Clifton called the meeting to order at 10:00am

Members present:

Kimberly Clifton, Chair
Bill Gray Vice-Chair
Karen Bohler
Carla Bowen
Charlie Bowles (via phone)
Frank Dickens
Nedra Halley
Bruce Jacobs (via phone)
Nicole LaSlavic

Absent

Scott Peterson

ADRE Representatives present:

Judy Lowe, Commissioner
Louis Dettorre, Deputy Commissioner (DC)
Carla Randolph, CIO, Assistant Commissioner Licensing Services
Abby Hansen, Customer Service Representative

Public present:

J. Robert Eckley, Eckley & Associates
Scott Drucker, Arizona Association of Realtors
Tyler Lee, Eckley & Associates
Courtney LeVinus, Capitol Consulting

II. Introductions & Welcome

None

III. Approval of August 10, 2016 Meeting Minutes

Chair Clifton asked for a Motion to approve the August 10, 2016 minutes. Upon a motion by Vice-Chair Gray, seconded by Member Dickens, the Minutes of the August 10, 2016 meeting were unanimously approved

IV. Commissioner's Report – Judy Lowe, Commissioner

Commissioner Lowe provided an agency update including Licensing and Education stats.

- Total broker and salesperson licensees at the end of October = 72,055, up from last year's total of 69,782
- Total licensed entities at the end of October = 8,749 down from last year's total of 8,868
- Statistics and other trends are located on the ADRE website main page.

DC Dettorre noted that these trends are a result of a request of an Education Advisory Committee member and asked if there were any other reporting requests that the Advisory Board would like to see.

Commissioner Lowe requested a graph for entity growth. Reports will be shared with Governor Ducey as they are new businesses for the state.

There has been a lot of interaction with the ADRE scorecard and the other breakout groups in response to Governor Ducey's expectations. Governor Ducey has been focused on Education and Health and Safety; specifically noting October as Domestic Violence month and November as Drug Abuse Awareness month. Governor Ducey is also focused on work force training and job growth.

Member Bowles commented that Caterpillar recently announced they will be opening a facility in Southern Arizona and additional new companies opening in Tucson, which is great for the area Real Estate.

Commissioner Lowe stated Guaymas harbor is being dredged to allow for an additional port for international container shipping rather than traveling to Los Angeles.

Commissioner Lowe and DC Dettorre will travel to Hermosillo in December to attend the Arizona Mexico Commission (AMC) Annual Meeting. The AMC is working on creating a new dynamic real estate license in Mexico. The Sonoran Governor Pavlovich has asked the Sonoran real estate department; Institute Cadastral and Registry for the State of Sonora (ICRESON) to work with the ADRE in developing new laws, Home Owner Association (HOA) requirements and condominium administration with the goal of creating more trust with Arizona real estate

consumers in Sonora. Of note, it is currently required to submit a public report application to advertise Mexican property in Arizona.

DC Dettorre stated that anyone may attend the meeting, by becoming a member and registering at azmc.org.

Commissioner Lowe stated there was a rumor that “Governor Ducey wanted to do away with Real Estate licensing”. The Commissioner contacted the Governor’s office and was told that there is nothing on Governor Ducey’s agenda to eliminate the real estate license.

Vice-Chair Gray also confirmed the rumor but it has recently started to die down. Member LaSlavic stated that Governor Ducey may still eliminate some licenses; i.e. Home Inspectors and that there may be Health Board consolidations.

Commissioner Lowe noted that property management has had a decline in the number of violations found. Audits are still occurring and the broker honor roll list is growing.

Commissioner Lowe addressed the need for licensees to ensure that their personal information is updated within ten days (A.A.C. R4-28-303 D) which includes their email address. This is increasingly important for online password reset, courtesy email reminders and bulk email transmissions by ADRE. DC Dettorre posed the question to the Advisory Board; how does an agency encourage 80,000 individuals to update their email?

Member Clifton asked for a list of agents that need corrected emails. Commissioner Lowe stated that the list of rejected emails is just that; email addresses, and may not tie back to a licensee or in a sortable fashion.

Member Bowen suggested sending an email to Brokers asking that they have their licensees update their email.

Commissioner Lowe stated ADRE will move forward with targeted enhancements on the ADRE website for the HOA Dispute Process and other consumer questions to assist in consumer education while improving the knowledge base of the homeowners and HOA boards.

Member LaSlavic asked if we are tracking messages. Yes, the messages are being tracked and compiled on a worksheet capturing like categories to assist in creating Frequently Asked Questions (FAQ’s).

Commissioner Lowe stated if the licensee could obtain the most current HOA documents as part of the listing process potential buyers could have the information with ample time to review within inspection period.

Mr. Drucker questioned if a seller would want to pay to have the document available. Someone noted there should be no cost to the seller if electronic documents.

Member Bowen stated that it is only the Covenants, Conditions & Restriction’s (CC&R’s) that are sometimes being provided, not the bylaws and rules and regulations.

V. Deputy/Assistant Commissioner Updates

a. Deputy Commissioner Dettorre provided a legislative update.

- Legislature back in session the 2nd Monday in January.
- DC Dettorre working on cleaning up the statutes that reference the Department of Fire, Building and Life Safety.
- Senator Farnsworth has been holding meetings for an HOA stakeholder group and may have 11-15 potential bills. DC Dettorre will likely have more information at the February Advisory Board meeting, including how they may affect ADRE.

Member Halley asked if there was any legislation requiring management companies to be licensed. Member LaSlavic stated Governor Ducey would veto any new licensure requirements.

Member Dickens asked how the HOA Dispute Process fee was established. Commissioner Lowe stated its set by the department and that the fund has historically run as a negative. The fee was established to offset the costs for the Office of Administrative Hearings (OAH) to hear the cases.

Member Dickens asked if it is a concern that the fee is too high and may not allow someone who is disadvantaged, and is it possible to provide them relief? The Commissioner stated that the department cannot offer relief, but it could be possible if the fund was appropriated or structured differently.

Member Clifton stated additional information on the website would be helpful to homeowners. Member Bowen stated that the website may not help elderly or those without access to the internet.

DC Dettorre stated the following items of note regarding ADRE

- Commissioner Lowe was appointed to the Association of Real Estate License Law Officials (ARELLO) Board as Vice President District 4.
- 2016 edition of the Law Book is almost complete and should be available by year end.
- There is a new customer service survey online and the results are shared with staff.
- The new ADRE Broker Policy manual is in the final stages. DC Dettorre is working with Holly Eslinger to review the final draft which will then go to the Attorney General for final review and release.

b. Assistant Commissioner (AC) Licensing Services – Carla Randolph

AC Randolph provided a verbal update for the Licensing, Education and Development Services Divisions.

- Licensing is down one employee for the past two months.
- There was a spike in new applications in August but the numbers are back down to 600 new applications in September and October.

- Licensing first time test taker pass rate is up.

Development Services is down one employee and is actively interviewing to fill the vacancy. In the meantime, ADRE has an employee who recently passed the bar exam and is assisting part time in Development Services and processing the applications in record time. The Development Community has indicated that they are very happy with the processing time.

Education is cross training back-up. The volunteer orientation was postponed due to lack of volunteers. AC Randolph thanked Vice-Chair Gray for his willingness to train the volunteers and asked all in attendance to send in seasoned Brokers names if they have suggestions that might be good candidates for volunteer monitors, and they receive their Continuing Education for free.

VI. September 26, 2016 EAC Motion in Response to Advisory Board

The EAC committee requested further clarification regarding the Advisory Board's August 10th's meeting request of them.

Chair Clifton stated the Advisory Board's mission is to give recommendations to the ADRE with the public interest in mind. Her challenge was how does the Advisory Board increase communication and education so fewer complaints and violations come to ADRE. Chair Clifton asked that the Board submit items that can be discussed, which can then be sent to the educators and community.

Vice-Chair Gray stated that in the past instructors were required to take an ADRE provided program prior to teaching a new process. The program was so good it was picked up by ARELLO, attendance was phenomenal and the attendees went away with reference manuals.

Chair Clifton would like to continue to raise the bar.

J. Robert Eckley stated that at the Education Advisory Committee (EAC) the Advisory Board request was well received, and EAC was asking for the specifics of the request.

Commissioner Lowe stated recommendations that protect the public interest are welcome. The Advisory Board could provide input on what they know is happening in the industry, and take that information and determine recommendations for ADRE.

Chair Clifton stated the Board needs to come up with a strategic plan so they bring items forward.

Member Dickens stated they used to take Board meetings on the road throughout Arizona and would have large turnouts.

Chair Clifton asked if they had more connection with individuals. Member Dickens stated "yes", but the market was completely different, i.e. wildcat subdividing etc. and stated many are not interested until it affects them personally.

Chair Clifton restated that the Board needs to remember what their purpose is and present items to ADRE.

Member Bowen recommended subdivision laws be publicized to make clear what the counties need to do with them. She stated there needs to be education for the counties.

Vice-Chair Gray said the days of doing classes are gone, everyone has moved on to podcasts. He suggested a Broker Hot List of the problems that currently are seen in the industry. Member Gray stated if this list is given to the Brokers he knows that they would address them in their meetings and would give the Brokers the guidance on the facts.

Member Bowen stated that the National Association of Realtors conducted a survey and found that 73% of Brokers have less than six employees.

Chair Clifton asked what does the Advisory Board need to do to help ADRE get the information out to the industry.

Commissioner Lowe stated it's about communication and asked if it's about emails not being read. And if so, in what form do you deliver information?

Member LaSlavic stated that the Department of Revenue has an envelope on the main page that allows you to sign up for what type of communication you would like;

Vice-Chair Gray stated email is obsolete everything is texted.

VII. Advisory Board Member Facilitator Reports

Member Bohler stated she had four phone calls all related to abolishing the license requirement.

Member Dickens had a call related to earnest money dispute.

Vice-Chair Gray received calls regarding robo calls and calling on expired listings by a third party.

Chair Clifton received a call regarding code of ethics.

Commissioner Lowe stated that regarding the robo calls it may be unlicensed activity.

Member Bowles stated he received one call but was waiting on a call back for clarification of the question.

VIII. Director Open Forum

Member Bohler stated that at the last meeting there was a discussion to change the frequency of the Advisory Board meetings.

DC Dettorre stated that would be addressed under future meeting dates.

IX. Call to the Public

J. Robert Eckley stated that in the past stakeholder meetings were held to determine the interpretation of a law then detailed guides were prepared and presentations given to the licensees. He stated that the industry struggles to interpret the law so it was a way to present a like interpretation to all. He suggested going back to Instructor Development Workshop's (IDW's) that are attended by brokers and instructors and provide one consistent handbook.

Chair Clifton stated this will be discussed at a future Advisory Board meeting.

Member Bowen and Vice-Chair Gray agreed it comes down to the consistency of interpretation.

X. Approval of 2017 Meeting Dates

The following meeting dates were approved by all. Motioned by Member Halley and Member Dickens seconded.

Time 10:00am-12:00pm

February 23, 2017

May 25, 2017

August 24, 2017

October 26, 2017

XI. Next Real Estate Advisory Board Meeting: February 23, 2017

XII. Adjournment

Member Halley motioned to adjourn at 12:00. Member LaSlavic seconded.

Respectfully submitted this 23rd day of February, 2017
Real Estate Advisory Board

Kimberly Clifton, Chair